

City Of Tucson

Fiscal Year 2009 Recommended Biennial Budget

- **Total budget = \$1.257 billion;** \$6 million less than the Fiscal Year 2008 Adopted Budget.
- **Sixty-one percent (61%) of the total budget or \$767 million has restrictions on its use:** enterprise funds, federal housing programs, highway user revenue funds, impact fees, RTA contributions, etc.
- **General Purpose Funds—the unrestricted funds that Mayor and Council have discretion to fund general government services—are 39% of the total budget or \$492 million.**
- Due to the economic recession's impact on city and state sales tax, there is **no revenue growth projected for the General Purpose Funds for Fiscal Year 2009.**
- While there are no service improvements or employee pay adjustments in the Fiscal Year 2009 budget, there is **no retreating from the Financial Sustainability gains made over the past two years.** The budget retains the **\$53.6 million** that was committed to the Financial Sustainability Plan in Fiscal Year 2008 (\$32.2 million in service improvements and \$21.4 million in human capital).
- While there are no employee pay adjustments, the budget still must cover \$11 million in salary and benefit increases: \$6 million in public safety pension increases, \$3 million for the full-year impact of the merit pay adjustments given in Fiscal Year 2008, and \$2 million in higher medical insurance costs.
- To cover the additional personnel costs with no revenue growth, support departments will be asked to further tighten their belts. Vacant positions will have to remain unfilled for longer periods of time or considered for elimination, but there will be no layoffs of existing employees.
- If the economy improves as anticipated, there could be \$10.9 million in revenue growth in the General Purpose Funds for Fiscal Year 2010, and additional Financial Sustainability services can resume.
- The city's combined **property tax rate will be reduced by 17¢ (or approximately 15%)** from \$1.13 to \$0.96 per \$100 of assessed valuation.
- The **capital budget for Fiscal Year 2009 totals \$245 million.** Tucson Water projects total \$60 million and ensure adequate recharge and storage of Colorado River Water. Transportation projects totaling \$90 million continues implementation of the Regional Transportation Plan. Police and Fire projects total \$56 million, which continues construction on Police and Fire headquarters and a new crime lab





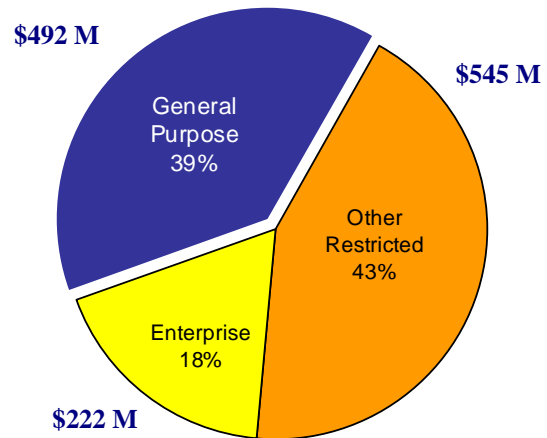
CITY OF TUCSON

FISCAL YEAR 2009 RECOMMENDED BUDGET

The total FY 2009 budget is \$1.257 billion. Just \$492 million or 39% is from General Purpose Funds, which carry no restrictions and can be used for any purpose. The remaining 61% is from restricted funds: \$222 million in restricted enterprise funds (Water, Environmental Services, Golf) and \$545 million from other restricted funds.

For FY 2009, there is a decrease of \$6 million from the FY 2008 budget of \$1.262 billion. The General Purpose Funds budget is a status-quo budget; it decreased by \$1 million due to a net change in carryforward. There is no increase in funding for the Financial Sustainability Plan. The restricted funds budget decreased by \$4 million primarily due to the completion and rescheduling of capital projects.

The combined property tax rate is recommended to decrease 17¢ from \$1.13 to \$0.96 per \$100 assessed valuation.

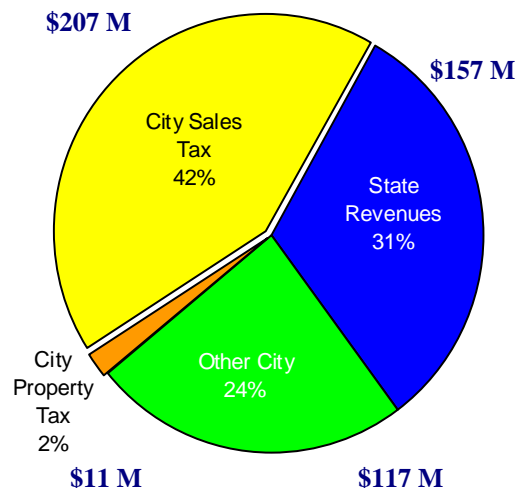


GENERAL PURPOSE FUNDS BUDGET

General Purpose Funds, which are 39% of the total budget, are the primary support for core services such as Police, Fire, Public Transit, and Parks. The \$492 million in revenue for FY 2009 comes from city sales tax of \$207 million, state revenues returned to the city of \$157 million, the city's primary property tax of \$11 million, and other city revenues of \$117 million.

REVENUE PICTURE. General Purpose Funds revenues are anticipated to be flat. Following are the budgeted changes from FY 2008 adopted for the major revenue sources:

- City sales tax – 1.9% lower
- State sales tax – 7.0% lower
- State income tax – 6.3% higher based on legislative action



While the primary property tax levy will grow about \$604 thousand, the primary property tax rate will decrease from \$0.3296 to \$0.3231 per \$100 assessed valuation.

FINANCIAL SUSTAINABILITY PLAN

The ten-year planning horizon of the Financial Sustainability Plan (FSP) allocates future revenue growth in General Purpose Funds to increasing city services that focus on the city's strategic priorities, while meeting the human capital needs of the organization to recruit and retain employees. The plan allocates 60% of revenue growth each fiscal year to improving services to the public for priority needs of maintaining roadways, reducing crime, saving lives and property, improving parks and recreational opportunities, and addressing social concerns.

The adopted FY 2008 budget incorporated the second year of the ten year FSP. FY 2008 included \$27 million of recurring revenues already allocated from FY 2007, and an additional \$26.6 million for a total of \$53.6 million. The recommended FY 2009 budget continues those commitments.

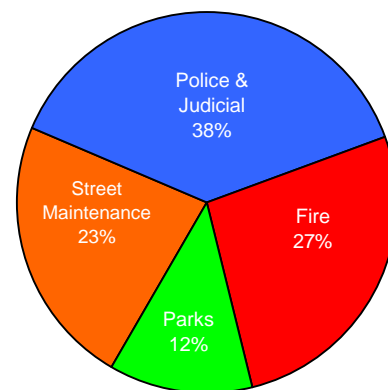
SERVICES - \$32.2 MILLION

\$7.4 million for residential street maintenance funds 16 square miles for a combined 40 square miles over three years (FY 2007 thru 2009)

\$12.3 million funds 80 Police officers, support and judicial staff (40 officers added in FY 2007 and 40 in FY 2008)

\$8.6 million to improve fire response capabilities with 75 firefighters and paramedics (29 added in FY 2007 and 45 in FY 2008)

\$3.9 million for Parks and Recreation maintenance and programs, including \$0.8 million for workforce/educational programs



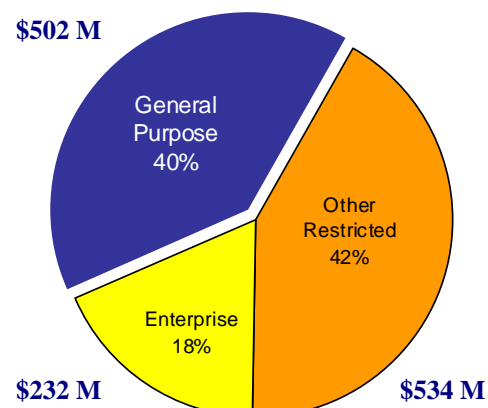
HUMAN CAPITAL - \$21.4 MILLION

The remaining 40% or \$21.4 million has been allocated to human capital needs: \$10.8 million in FY 2007 and \$10.6 million in FY 2008. No additional funding is available in FY 2009 to increase Human Capital.

FISCAL YEAR 2010 RECOMMENDED BUDGET

The total FY 2010 budget is \$1.268 billion: \$502 million or 40% from General Purpose Funds and \$766 million or 60% from restricted funds. The overall budget increase of approximately \$11 million is primarily in the General Purpose Funds.

General Purpose Funds. For FY 2010, these funds increased by \$10.9 million, which will be allocated to the Financial Sustainability Plan. Election cost increases of \$1.2 million are offset by reductions in carryforward.





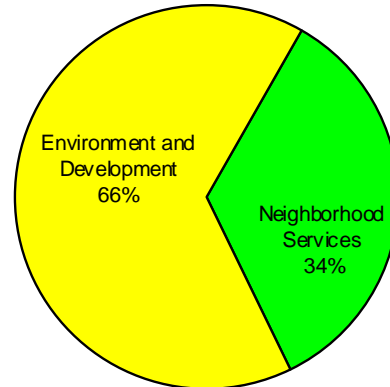
CITY OF TUCSON

FISCAL YEAR 2009 RECOMMENDED CIP BUDGET

The Capital Improvement Program (CIP) total for FY 2009 is \$244.9 million.

The Neighborhood Services category, which accounts for 34% of the FY 2009 capital budget, totals \$84.2 million. This service area contains projects managed by Community Services, Fire, Neighborhood Resources, Parks and Recreation, and Police. The Environment and Development category, which accounts for 66% of the FY 2009 capital budget, totals \$160.7 million. This service area contains projects managed by Environmental Services, Transportation, and Tucson Water.

FY 2009 CIP \$245 million



For FY 2009, there is a decrease of \$88 million from the FY 2008 adopted capital budget of \$332.9 million. This decrease is due to the completion of projects in Development Services, Information Technology, and Non-Departmental, the spending down of the 2000 bond authorization, which will be exhausted by Fiscal Year 2010, and the spending down of the 2005 water revenue bonds.

SUMMARY BY FUNDING SOURCE

Capital budget for FY 2009 is funded primarily from Grants and Contributions in the amount of \$106.5 million. This category is predominately RTA (Regional Transportation Authority) funds.

Enterprise funds totals \$70.4 million and is primarily Tucson Water Revenue and Operations Funds.

Other Local Funds make up the next major category at \$61.5 million. These funds come primarily from certificates of participation sold to finance the new Fire Headquarters, expansion of Police Headquarters, and the new Police Crime Lab. Capacity for Impact Fees is also included in this category.

City Bond Funds is the next category at \$ 3.8 million. At the end of FY 2009, the 2000 General Obligation Bond Funds will be 99% complete. General Purpose Funds total \$2.1 million. This category contains general fund contributions to the Mass Transit Fund and carry forward for the Back to Basics Program. The Non-City Funds category totals \$0.6 million and contains private donations and contributions made to the Parks and Recreation Department.

